

## MOTIVATIONAL ROLE OF PUNISHMENT AND REWARDS IN THE ORGANIZATION

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**Summary:** Knowledge about motivation, i.e. what motivation is and how to motivate employees has every manager, the fact that the rewards and punishments are the most popular motivating factor also seems to be obvious, but whether they are most effective way to motivate remains still an opened question. Contrary to popular opinions - motivating is one of the most difficult tasks that a manager should take. The concepts of motivational systems allows to identify what constitutes a source of motivation and the basis for building employee engagement activities. Most classic and effective motivator for centuries were the penalties and rewards. This article presents the importance of the most traditional motivational factors, namely, penalties and rewards. The article has theoretical-empirical character. The role of penalties and awards at the work of the salesman was presented.

**Keywords:** employee incentive systems, effective motivation, motivation incentives, motivating intangible, non-wage incentives

### 1. INTRODUCTION

Recent studies have shown that the system of motivation, in a broad sense, is a set of basic instruments and management tools. The criterion for selecting these measures should be motivation influence effectiveness. In practice of the modern companies, this problem boils down to not so much to building integrated, complex and powerful motivational systems, but mostly to the choice of tools and motivating factors that are a composition of these incentives, forming a motivation systems.

### 2. THE MOTIVATION AND THE PROCESS OF MOTIVATION

The word "motivation" is derived from the Latin word *movere* (induces to move). Continuous changes and market development causes many transformations in the Organisations and it enforces the need to create a positive image in the eyes of employees, customers and the public. One of the tools is the motivation to work, defined as a set of psychological factors, psychological and physiological, inducing the desired behaviour in humans, to achieve its purpose. The concept of motivation has many different meanings. Most frequently this term is understood by the man's state of readiness to take a specific action. In this sense, some people are motivated to work, others to something else.

Problems of motivation occupy many sciences, especially psychology and economics. In each person, the motivation is variable in time and space, so far no one has created a prescription for effective motivation, it is known that the source of motivation lies in the human psyche. Motivation includes all these factors, which stimulate a man to action, which give a certain direction and influence to maintain the state of arousal. In the science of management, motivation is recognized as one of the main functions of management, and even one of the key management techniques. Since the motivation of action depends first and foremost the achievement of significant results at work.

In theory of human resources management, an thesis is formulated, that the occupational usefulness of worker is measured how they contribute to the development of company, is a function of his qualifications and motivation. Poorly motivated worker is very little useful for companies, even those with high qualifications. Proper understanding of the process of motivation by managers and business owners is important for managing and directing people in the process of labour and wage policy. However, this requires knowledge and analysis of various theories of motivation to work, which was founded and many is still being created. In literature of the organization and management characterized are different ways and models of motivation. Some general principles of motivation have already been etched permanently into management practices, but still there is no universal system of motivation for all employees. Individual needs, characteristics and behaviour of people working in organizations cause that only a framework projects of motivation can be moved from one company to another, but each employee should be driven individually, because he has different needs. Each organization creates a system of impacts on its participants, which aims to encourage them to favourable behavioural manifestations and avoidance of behaviours that are detrimental to the organization. All this type of interaction is called the *motivation system*.

Motivation is also a steering process consists in influencing the behaviour of people, including the knowledge of what causes this, and no other human behaviour. It refers to human behaviour, which lies between two extremes: the actions and learned reflexogenic habits. Motivation has been a subject of psychologists' research. Definition of motivation literature presents the entire spectrum, mostly it is stated that "motivation is a set of triggers for deliberate action," and the process of motivation is an internal mental process, constantly changing its intensity and even direction. Actions taken under the influence of the process of motivation are intentional, or are controlled by a conscious desire by man as a goal: (Borkowska 2004:12). "In literature, the process of motivation is characterized by two main features: the direction of desire - namely purposes for which the person seeks action; this influence of organization lies in the fact that its objectives and objectives of managed people are compatible, the strength of aspirations, that controls human behaviour, and set by the needs, values, aspirations, etc. The strength of aspirations is most important in difficult situations, when not only affect the intensification of activities, but also can change their form and directions." (Gick, Tarczyńska 1999:27). Also, many authors points out that the negative factors (such as the threat of losing stability of employment, competition, fear of losing their position) make a stronger motivation than positive factors (e.g. interest, morale, training). If the chance of achieving the intended purpose are very small, or even close to zero, then the employee loses the engagement, looking for other options for action, and above all no longer identify with the objectives of the company. Motivators are no motives, that are internal promoters of human activity, and the best designed incentive systems in the company don't have the effect. If employees' earnings do not allow him to have a decent live and meeting the needs of families, then work will not be for him a path to development. "Man is a system that regulates itself and its relationship with the environment. Important role is played in this regulation the emotional processes, which affect the level of energy that the organism will mobilize at any given time and whether that energy is consumed to maintain the state of affairs in which it is trigger, or the decommissioning of this state." (Reykowski 1979:797). Each person feels the need, and each seeks to strengthen and increase self-esteem, but the intensity of the needs and aspirations, and their character are not identical. It largely depends on economic and organizational factors. If the unit is to establish themselves to achieve a particular purpose, the goal of this activity must be for it attractive. Professional tasks become attractive when they are means to achieve something valuable, such as pay, praise, promotion. Regardless of how much influence it has on the conduct of the working person may have an internal motivation, you must reckon with the fact that for a long time for people the external

motivation will play a major role, for which the result of the work is only a means. It is connected in a natural way with the fact that much of human needs is satisfied with the economic measures (Reykowski 1979:38). In order to professional activity results become attractive, that is to gain for the individual award value, there must be meted certain conditions. Some of them relate to the permanent of an individual experiences (the conditions of education), while others relate to the situation in which the activity takes place (situational conditions). The management uses a variety of psychological models of motivation to encourage employees or result in more intensive and efficient work. Motivation plays a huge role in the life and functioning of the individual. It increases phenomenon of needs, change and intention. It accompanies man from an early age, and pushes it into action at every stage of his life. It is what makes people grow and improve. It has equally crucial importance in the case of the enterprise. It depends on the degree of employee motivation, quality and efficiency of work he does, which affects the condition of the company. There are three main approaches to motivation: behavioural, humanistic and cognitive sciences.

*Behavioural approach* - determining role in explaining human behaviour is assigned to external factors. Behaviours of people, according to the behaviourists, are reactions to stimulation which act on them from the environment. External stimulation are divided into positive and negative. Awards are called positive and negative punishments. Human behaviour are rewarded preservation, and punished by weakening and elimination.

*Humanistic approach* - highlights the role of internal determinants of human behaviour, especially his needs and emotions. It is stressed that external stimulation only after "processing" in all of us take on meaning of motivation. According to Abraham Maslow - people are motivated by a hierarchical system of five basic needs: physiological (hunger, thirst), safety (confidence, freedom), social (love, belonging), esteem (achievement, prestige), self (cognitive needs, the ability to interest).

*Cognitive approach* - the scope and structure of owned by human information about reality, creating a cognitive network, determine its behaviour. Cognitive network is shaped throughout the life of the human being under the influence of information extracted from outside and generated within it. The penalties are as old as the world. According to the Bible, our first parents Adam and Eve were the first showed tendencies for undesirable behaviour, and were expelled from paradise for it. It seems that they inherited this characteristic, and the reaction to it is a higher incidence of penalties than rewards in interpersonal relations.

At least, according to a study conducted in Polish organizations in their rules of procedure punishments occupies far more space than awards, similar fact occur in the practice of their application.

## **2.1. THEORETICAL ASPECTS OF REWARD AND PUNISHMENT**

The penalty can be defined as the punishment used for persons who commit a crime or in any way violated the law or moral standards, punishment is also the educational mean intended to inhibition of various offenses. Penalty is also a negative situation, the man is trying to avoid. The award however is a moral or material distinction for the merits or the achieved results, it can be for example a sum of money, a diploma and medal, a valuable object which is a form of recognition or awards.

The award, in contrast to the punishment is understood as a positive situation, which is usually a man tends. The function of the awards is to develop and preserve the positive behaviours, and the task of penalties is to eliminate bad behaviours and reactions by society. In order to motivate employees commonly used are the penalties and rewards. In

organizations there are many types of penalties (such as statutory penalties or satirical penalties: derision, ridicule, contempt) and awards, which are divided into: official (praise, bonus) and informal (recognition, respect, co-workers). Rewards and punishments can be divided as to the material (cash, such as a pay rise, bonus, lower wage) and the immaterial (non-material, such as verbal praise, expressing respect for the worker, which is giving him confidence in management, allocating work more interesting, as well as admonition, reprimand). Rewards and punishments are the most important tools of motivational influence the behaviour of employees. Organizational rewards and punishments are mainly related to the salary and promotion opportunities. Awards function is shaping or consolidating among the employees' behaviours aimed at achieving organizational goals, however penalties are designed to eliminate behaviour hindering their achievement. Organizational rewards and punishments are included in the relevant regulations, in which defined is what behaviours desirable or undesirable assigned are the reward or punishment. About the way and the use of organizational rewards and punishments decide mostly managers. They also run own repertoire of rewards and punishments, which based on their personality, and manifests itself in a particular way treatment of subordinates. Some managers apply supervision awarding, and therefore recognize mostly positive behaviour subordinates and reward them while others apply supervision, judgment, that is recognize errors of employees and punish them for it. The source of rewards and punishments in the organization are also behaviours of individual members of work teams and whole groups.

### **3. THE SYSTEM OF PENALTIES AND REWARDS IN A CAR DEALERSHIP**

In this section presented was a system of penalties and rewards applied to staff engaged in sales in car dealership. The tasks of trader are selling new cars, Redeeming and selling used cars, selling banking products, such as loans or Lessing and the sale of insurance products. In this manufacturing the position of Dealer used are multiple motivators (penalties and rewards) affecting mainly on salary. These are both material tools, but there are also non-material. In car dealership functions proper bonus system, which is significantly cheers to achieve previously established goals.

An efficient motivation system in described Company has objective criteria for bonus tasks fulfilment evaluation and has qualitative and quantitative targets to achieve, it determines also opportunities for additional awards other than remuneration. The bonus program in the company is clear and legible, it consists of several elements. this allows its understanding and makes that it's know what to do to receive extra bonus.

Simple and transparent bonus system results that the car dealership employee at any time is able to calculate of his income and knows how much, and how can he still earn some extra money. This helps in effective and rational organization of work. The bonus system is not the only reward-instrument used in the described company. That, what motivates and at the same time isn't only a salary, but reward in work: relationship with the boss, positive atmosphere at work, equal treatment of all employees, development opportunities, sense of security, and consequently pro-efficiency organisational culture. One of the important awards instrument (motivational) immaterial are integration and training trips. The abundance of this kind of meetings on the training market causes that such events are not necessarily expensive, and affect the better understanding of and integration of employees, also around the company's goals. Also relationships between superiors and subordinates at such meetings tighten up, what later often helps in performing daily duties and improving relations at the work. The realities of a competitive market favour the concerns about employment security. In the analyzed company manager provides a sense of security, because only in this situation can

motivate to action those employees, who realize that not execution of the plan results in certain consequences. Employees in the company see perspectives of development, when they achieve the effects can in the work always count on the prize. A sense of stability and vision of the future give birth to peace and contentment, allow you to make plans for personal and these are factors, which create conditions for use in full their potential in working life. In the referred company, as a salesman another important motivating factor and contributing to a sense of security is to provide good work organization. Employees of car dealership see their company as ordered and properly managed, in which they respected superiors and gain confidence in the sense of their actions. The usual so-called "Pat on the shoulder" this is another positively motivating factor observed in the described company. Almost every person likes to be praised by colleagues and bosses. For very few people gaining recognition in own eyes is enough. Letters and emails with thanks, praises expressed individually or in the forum, tokens of recognition transmitted in everyday conversation do not cost anything, and give wings almost to every employee. Under one condition only, that they are sincere and not overused. A major distinction for employees is to ask to perform specific tasks or to address the prestigious key customers. This is a reward, a true recognition for competence and capabilities of the employee. The company employees unwillingly write reports, those of best rewarded are with the privilege of sending reports once a month, instead of every week. The price of such a decision is a loss of control over the activities of the seller, which must be a person truly fair and must be able to appreciate, how much trust has been endowed. Enrichment by the head of sales the work of his subordinates, protects them from professional burnout. Salesman, which will break from the daily visits and responsibilities, become more involved in the work. Many sellers treat the company meetings as an interesting diversion. A similar role plays trip to a conference or a fair, special sales projects, placing on the market a new product or change of promotion strategies. Solutions are many, all protects workers against falling into routine, discouragement and monotony and they motivate to action, are an excellent reward for the employee. The head of Sales, who himself is motivated to work, has a positive effect on his sales. Only such boss is able to push subordinates to act, persuade to increase their efforts and overcoming difficulties. The superior, who for some reason suffers from work aversion affect destructive to whole team, "Infects" it and takes away desire to make efforts. The role of properly selected purposes is well known. They must be clear, understandable and ambitious. In described the company employee as a salesman usually participates in setting goals and therefore feels share responsibility for their size and execution, therefore does not dispute the findings, that were previously agreed in conversation with supervisor. That is why at the company discussions are conducted in open way for both sides and partner relationships prevailing between boss and seller. Normally dealers are anxiously waiting for the results of their work. The more often may be informed about achieved sales results, the better. In the described Company effects are visible at once and add wings (or force them to reflect and search causes of failures). A significant role also plays a way of announcing sales results. Most of the employees like competition, as long as it is based for viable principles. In the case of car dealership so it is. Rankings are created, those distinguishes the best and warn the weakest. It must be remembered that both in the case of those outstanding sales representatives and those who need assistance those rankings are to be motivating. These rankings are to be form of reward, or penalty for inefficient traders. Theorem of A.L. McGinnis is worth remembering, he said: "every manager, boss must be a psychologist, because success of the company depends more on managerial skills, than on the hard work and knowledge. Many men do a brilliant career with vast technical knowledge. However, when it reaches level on which further success depends on effort of others, He simply gets bogged down, because he has not learned the art of increasing of knowledge through motivations (McGinnis 1992:31). Any manager should properly motivate his

subordinates in order to they gave everything that they can in the work. In order to create such an incentive, it must be remembered of at least about the following indications: motivation should be started from ourselves, because you cannot motivate someone, if you are not motivated yourself. When motivating others you have to remember about transparent communicating, because the lack of understanding is the most common cause of conflict. Important is the awareness of own purposes and sincere devotion to them. The most convincing and motivating person is someone who knows where he is going and have complete confidence and faith that he will get there. It is essential that goal setting before employees, putting the bar high, challenges and goals. There are few things that motivate more than reward and praise. When saying to employees, that they do well, it makes them to even more effective work, this is the best reward. It is essential that also to create a friendly competition. Each person have a competitive spirit, therefore referring to it provides a positive motivation. To motivate people to work it is important not to give to them too much information at once. Employees of like to feel important, even indispensable on his post, so a very good way to motivate is to show by the employer, how much appreciated is his subordinates and believe in their abilities, skills. Of course, there are many ways to reward and punish workers. Surely, anyone who deals with managing people has his favourite, methods developed over the years. Note, however, that even the best way with time can simply "burn out" and then it would be good to change it. The differentiation, and therefore modernization of ways to stimulate motivation surely will come out for good for the company. Managers should be aware about several key issues, namely, the employees usually want, that to be better than worse, employees have their individual needs, and basis for motivating is their recognition and satisfaction, employees need to know exactly for what they are paid, and for what rewarded (it is important to award with pay increases, bonuses and prizes were properly regulated ), It is also important that employees understand correlation of their work with the work of others, they must know that their work is meaningful.

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